

**Express Terms**  
**Title 13, Article 4.1, Sections 260.01 and 260.07;**  
**and Article 4.2, Sections 268.02, 268.04, 268.06, 268.08, 268.09, 270.06, 270.08,**  
**272.06, 272.07, and 272.08.**

**Article 4.1 Advertising By Occupational Licensee**

**§260.01. Advertising a Vehicle as “Certified.”**

(a) A dealer shall not advertise a vehicle as “certified” pursuant to Vehicle Code section 11713.18 unless the dealer has a documented certification program pursuant to Vehicle Code section 11713.18 (a)(1) through (a)(9) and specifies what components of the vehicle shall be inspected and found to be in good working order for the vehicle to be “certified”. The certification program shall include, at a minimum, all vehicle equipment requirements of Division 12 of the Vehicle Code. The certification program document shall indicate an effective date.

(b) By advertising a vehicle as certified, a dealer is affirming to the buyer that the vehicle has been inspected based on the criteria of the certification program and pursuant to Vehicle Code section 11713.18 (a)(1) through (a)(9), and each component included in the program was found to be in good working order.

Note: Authority cited: Section 1651, Vehicle Code. Reference: Section 11713.18, and Division 12, Vehicle Code.

**§260.07. Returned Vehicles.**

(a) ~~If~~ When a dealer or lessor-retailer advertises that a vehicle may be returned ~~if~~ when the purchaser is not satisfied, the advertisement ~~must~~ shall clearly state the terms and conditions of the ~~offer~~ return process. ~~In addition, t~~ The dealer or lessor-retailer ~~must~~ shall furnish the buyer with a written copy of the terms and conditions of the return process before obtaining the purchaser's signature ~~to~~ on a purchase order or sales contract.

(b) When the buyer purchases a vehicle contract cancellation option agreement pursuant to Vehicle Code section 11713.21(b), a signed copy of that agreement shall be sufficient to meet the requirement of subsection (a) for a vehicle sale unless:

(1) the vehicle sale is exempt from the provisions of Vehicle Code section 11713.21,  
or

(2) the advertisement has additional terms and conditions that exceed the requirements of Vehicle Code section 11713.21.

Note: Authority cited: Section 1651, Vehicle Code. Reference: Sections 11613, 11614, 11705, 11713, and 11713.21, Vehicle Code.

## Article 4.2. Vehicle Dealers

### **§268.02. Definitions.**

As used in this article the following definitions shall apply:

(a) Fair. A bona fide public event designed, arranged and operated to promote and encourage interest in vehicles with a minimum of three California licensed vehicle dealers participating.

(b) Exposition. A bona fide large-scale convention or trade show designed, arranged and operated to promote and encourage interest in vehicles presented by an organization in conjunction with an international, national, state, regional, or local convention, annual meeting, or show held at a commercial facility operated by a government agency.

(c) Exhibit. A fundraising event, show or special event where a vehicle(s) may be displayed to promote and encourage interest in vehicle(s).

Note: Authority cited: Section 1651, Vehicle Code. Reference: Section 11709, Vehicle Code.

### **§268.04. Dealer Examination Requirements.**

(a) All applicants for a vehicle dealer license subject to Vehicle Code ~~§~~section 11704.5 shall be required to pass a written dealer examination provided and administered by the department with a minimum score of 70%.

(1) When a firm, corporation, association, limited liability company, or a partnership submits a dealer license application which is subject to Vehicle Code ~~§~~section 11704.5, at least one person who is part of the ownership structure and who is required to submit a Personal History Statement, and who will have primary responsibility for managing the day to day dealership business which is reliant on the subject matter knowledge contained in the dealer examination shall be required to pass the dealer examination as described by Vehicle Code ~~§~~section 11704.5(a) and this article.

(2) At least one person who has passed the dealer examination required by Vehicle Code ~~§~~section 11704.5(a) and ~~§~~section 268.04(a)(1) of these regulations ~~must~~ shall continuously be part of the ownership structure of all firms, corporations, associations, limited liability companies, or partnerships which are issued vehicle dealer licenses subject to Vehicle Code ~~§~~section 11704.5.

(b) The dealer examination shall cover the subjects specified in Vehicle Code ~~§~~section 11704.5(a), and the following subjects:

(1) Warranties

(A) Lemon Law

(B) Service Agreements

(2) Federal Buyers Guide Requirements

(3) Stolen Vehicle Prevention

- (A) Indicia Verification
- (4) Vehicle History Disclosure Requirements
- (5) Basic Dealer Licensing Requirements
  - (A) Forms
  - (B) Fees
  - (C) Bond Requirements
  - (D) License and Sign Posting Requirements
  - (E) License Renewal Requirements
  - (F) Automatic Cancellations per § section 11721, Vehicle Code
- (6) DMV Enforcement Actions
  - (A) Administrative
  - (B) Criminal
  - (C) Civil
- (7) Car Buyer's Bill of Rights (AB 68 2005) Statutory and Regulatory Requirements.
  - (c) All applicants shall be required to present a current California driver license (DL) or California identification card (ID) issued by the department as personal identification prior to being allowed to take the dealer examination.
    - (1) ~~If~~ When the personal identifying information on the California DL or ID presented by the applicant does not match the personal identifying information contained on the applicant's dealer educational program completion certificate, the applicant will not be allowed to take the dealer examination.
  - (d) Any applicant who fails the examination administered by the department will not be eligible to retake the examination for at least one week.

Note: Authority cited: Section 1651, Vehicle Code. Reference: Sections 236, 386, 470 and 11704.5, Vehicle Code.

#### **§268.06. Dealer Educational Program Requirements.**

- (a) All applicants for a vehicle dealer license subject to Vehicle Code §section 11704.5 shall provide evidence to the department of having successfully completed an educational program as described by Vehicle Code §section 11704.5(b) and this article.
  - (1) When a firm, corporation, association, limited liability company, or a partnership submits a dealer license application which is subject to Vehicle Code §section 11704.5, at least one person who is part of the ownership structure and who is required to submit a Personal History Statement, and who will have primary responsibility for managing the day to day dealership business which is reliant on the subject matter knowledge contained in the dealer examination shall be required to provide evidence to the department of having successfully completed an educational program as described by Vehicle Code §section 11704.5(b) and this article.

(b) The educational program completed by dealer license applicants subject to Vehicle Code §section 11704.5 ~~must~~ shall be a program which is approved and certified by the department.

(1) The pre-licensing dealer education program classes shall:

(A) Not be combined with continuing dealer education program classes.

(B) Consist of six hours of instruction.

(2) The continuing dealer education program classes shall:

(A) Not be combined with preliminary dealer education program classes.

(B) Consist of four hours of instruction.

(C) May include internet and home study courses.

(3) Combining preliminary or continuing education program classes together or reducing the required length of instructional training is cause to permanently withdraw a dealer education provider's authority to provide dealer education training.

(4) Classroom participant attendance shall be recorded each month on the following forms:

(A) Pre-licensing dealer education providers shall use the Dealer Education Program Provider Pre-licensing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4005, (REV. 9/2007), which is incorporated by reference.

(B) Continuing dealer education providers shall use the Dealer Education Program Provider Continuing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4004, (REV. 9/2007), which is incorporated by reference.

(5) A completed Dealer Education Program Provider Pre-licensing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4005, (REV. 9/2007) or Dealer Education Program Provider Continuing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4004, (REV. 9/2007)} shall be submitted by every dealer education program, including internet and home study classes, to the department by the 10<sup>th</sup> business day of the following month in a method approved by the department that protects the information from unauthorized access or disclosure.

(c) The educational program completed by dealer license applicants subject to Vehicle Code §section 11704.5 shall adequately cover the subject areas specified in Vehicle Code §section 11704.5(a) and the additional subjects specified in section 268.04(b) of this article.

(d) The lesson plans for all educational programs, including internet and home study courses, provided under this section shall be approved by the department as complying with the program requirements described in this article and in Vehicle Code §section 11704.5. All lesson plans approved by the department shall also substantially comply with the department's Lesson Plan Guidelines for Used Vehicle Dealer Education Programs, OL 2000 (~~New. 8/97~~) (Rev. 12/2007), which the department incorporates by reference.

(e) All dealer educational program providers shall submit their fully developed lesson plans to the department for approval prior to utilizing them in a program.

(1) All lesson plans submitted for approval shall include a complete table of contents, and the pages of the plan shall be consecutively numbered.

(2) All lesson plans submitted for approval shall include samples of all workbooks, forms, videos, tests, final exams, and other teaching aids used in the program.

(3) All lesson plans submitted for approval shall include a time schedule that specifies the time allotted to cover each subject area, the time allotted for break periods, and the time allotted for administrative activities.

(f) All educational program providers shall be responsible for revising their approved lesson plans as necessary to ensure that all required subject areas presented reflect substantial ongoing changes in relevant statutes, regulations or other requirements.

(1) Any substantial change(s) to the lesson plan of an approved program ~~must~~ shall be authorized in writing by the department prior to presenting them in an approved program.

~~(g) All proposed program lesson plans and proposed changes to approved lesson plans submitted by a program provider to the department for approval shall receive a letter of approval or disapproval within 30 working days of receipt by the department of a proposed lesson plan or a proposed lesson plan change.~~

~~(g) (1)~~ The department shall provide a written notice of receipt within ten (10) working business days of receiving any proposed lesson plan and/or proposed change, ~~to an approved lesson plan submitted by a program provider for the department's approval.~~

~~(A) The receipt provided by the department shall inform the program provider that the proposed lesson plan or lesson plan change is complete and accepted for consideration or is deficient and specify what additional data or materials are necessary.~~

~~(2)~~ (1) All programs approved by the department shall receive a written certification containing a unique certification number issued by the department.

~~(3)~~ (2) An educational program approved by the department shall remain certified only so long as the program continues to meet all program requirements as described in this article and in Vehicle Code §section 11704.5.

~~(4)~~ (3) Whenever a program fails to meet all program requirements, the department shall notify the program provider in writing of all program deficiencies, ~~and shall include specific instructions on how the program can correct the identified deficiencies.~~

(A) The department will allow the program provider 20 working business days from the date of the deficiency notice to implement the required changes ~~in order~~ to correct the identified program deficiencies.

~~(5)~~ (4) In the event a program provider fails to implement the required program corrections for all identified program deficiencies within the specified period, the department will decertify the program in writing which will specify the effective date of the decertification.

~~(6)~~ (5) Any program completion certificates issued for any period of instruction during which the issuing program was not certified by the department will not be accepted as evidence of program completion.

(h) All educational programs provided under this section shall contain a comprehensive final examination which tests for knowledge of all subjects which are required to be covered in the program.

(1) A successful passing score of 70% on the final program examination is required of all program participants prior to the issuance of a completion certificate by the program provider.

(i) All persons who wish to be admitted as students to a certified dealer educational program are required to present a current California DL or ID as personal identification.

(1) All certified program providers shall refuse to provide a program completion certificate to any person who has not presented a current California DL or ID which verifies his or her personal identity.

(j) Records of all classes given by a certified program provider shall be compiled and retained by the provider for not less than one (1) year and one (1) month from completion of the class.

(1) Records shall include complete student rosters, course dates and times, and all final examinations and scores.

(2) Records shall be made available to department inspectors and investigators for official purposes relating to inquiries of program sufficiency or program fraud.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Sections 470 and 11704.5, Vehicle Code.

#### **§268.08. Evidence of Dealer Educational Program Completion.**

(a) Evidence of program completion shall consist of a Certificate of Completion Used Vehicles Dealer Pre-Licensing Education Program, OL 256A (REV. 10/2007), or a Certificate of Completion Used Vehicle Dealer Continuing Education Program, OL 256 (REV. 10/2007) completion certificate which are provided by the department and are incorporated by reference. ~~a certified program provider which shall include the following:~~

~~(1) The start and completion date(s) the identified person attended the program.~~

~~(2) The total hours of instruction the identified person received in the program.~~

~~(3) Full printed name, date of birth, and the number of the California DL or ID of the person who completed the program.~~

~~(4) Program provider identifying information including:~~

~~(A) Printed name, telephone number, and business address of program provider.~~

~~(B) Course curriculum certification number as provided by the department.~~

~~(C) Printed name and signature of program instructor or provider.~~

~~(D) A unique sequential certificate identifier which includes alpha/numeric symbols.~~

~~(5) A statement certifying that the person named on the completion certificate has successfully completed the program.~~

(b) Completion certificates issued for completion of approved dealer education programs will be valid for submission with original dealer license applications for a period of only one year from the date of program completion. Each dealer educational program provider shall be held accountable for control and issuance of the Certificate of Completion Used Vehicles Dealer Pre-Licensing Education Program form, OL 256A (REV. 10/2007), or a Certificate of Completion Used Vehicle Dealer Continuing Education Program form, OL 256 (REV. 10/2007).

(1) Each educational program provider shall utilize a Dealer Education Program Provider Pre-Licensing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4005 (REV. 9/2007) or a Dealer Education Program Provider Continuing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4004 (REV. 9/2007), which are incorporated by reference and provided by the department.

(2) Each pre-licensing completion certificate issued shall be recorded on the Dealer Education Program Provider Pre-Licensing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4005 (REV. 9/2007) in numerical sequence and each certificate listed shall also indicate the date of issuance and corresponding participant's name.

(3) Each continuing completion certificate issued shall be recorded on the Dealer Education Program Provider Continuing Dealer Education Monthly Enrollment and Certificate Issuance Log form, OL 4004 (REV. 9/2007) in numerical sequence and each certificate listed shall also indicate the date of issuance and corresponding participant's name.

(c) All dealer educational program providers shall submit a sample of their program completion certificates to the department for approval prior to utilizing them in a program. A Certificate of Completion Used Vehicles Dealer Pre-Licensing Education Program form, OL 256A, (REV. 10/2007) shall be submitted with the original dealer license application and shall be valid for one year from the date of issuance.

(d) A Certificate of Completion Used Vehicle Dealer Continuing Education Program form, OL 256, (REV. 10/2007) used for continued education purposes shall be valid for two years from the date of issuance.

(e) An educational program provider shall not issue a Certificate of Completion Used Vehicles Dealer Pre-Licensing Education Program form, OL 256A, (REV. 10/2007), or a Certificate of Completion Used Vehicle Dealer Continuing Education Program form, OL 256, (REV. 10/2007) to anyone that has not completed the training required pursuant to Vehicle Code section 11704.5.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Section 11704.5, Vehicle Code.

#### **§268.09. Dealer Educational Program Provider Monitoring by the Department.**

(a) A program provider shall allow department personnel, or its representative to monitor all courses offered at any time.

(b) Monitoring by the department or its representative may be conducted without advance notification.

(c) Failure to allow monitoring shall be cause to withdraw departmental approval of the dealer education provider's curriculum.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Sections 11704.5 and 11713.21, Vehicle Code.

#### **270.06. Signs or Devices.**

(a) The signs or devices identifying the dealership at each business location as required pursuant to Vehicle Code §section 11709, shall be of a permanent nature, erected on the exterior of the office or on the display area, and be constructed or painted and maintained so as to withstand reasonable climatic effects and be readable as provided for in Vehicle Code §section 11709. A temporary sign or device may suffice when a permanent sign is on order. Evidence of such order shall be submitted to the Ddepartment prior to issuance of a temporary permit or license.

(b) Each dealership business location shall conspicuously display a sign as specified in section (a) and printed in letters not less than one inch high containing the business hours and days the business location will be open to the public. The sign shall be placed in a location that can be easily read from a distance of ten feet.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Section 11709, Vehicle Code.

#### **§270.08. Display Area.**

(a) The display area of the principal place of business of each branch location and additional display areas as permitted by this section shall be of sufficient size to physically accommodate vehicles of a type for which the dealership is licensed to sell. The display area ~~must shall~~ be clearly for the exclusive use of the dealer for display purposes only. ~~Additional display areas are permitted within a radius of 1,000 feet from the principal place of business and any licensed branch location without being subject to separate licensing. However, such display areas must also meet the signing requirement as identified in Vehicle Code Section 11709(a).~~

(1) Additional display areas are permitted within a radius of 1,000 feet from the principal place of business and any licensed branch location without being subject to separate licensing. The dealer shall have written permission of the property owner allowing use of the area for the display of vehicles. This written permission shall be made available to the department or department representative upon demand. The additional display areas shall also meet the signing requirement as identified in section 270.06 and Vehicle Code section 11709(a).

(2) Vehicles may not be parked on a public street for display purposes.

(b) The provisions of Vehicle Code §section 11709(b), which permits a dealer to display vehicles at a fair, exposition, or similar exhibit, as defined in section 268.02, without securing a branch license extends to public shopping areas, public shopping centers, autoramas and other similar locations or events open to the public and intended to merely bring the dealer's identity and product to the public's attention, provided that:



(1) Pursuant to Vehicle Code section 11709(b), no sales are offered, attempted, solicited, negotiated or otherwise transacted from such locations or at such public event, including the acceptance of financing, credit applications, cash deposits, trade-in vehicles or any other considerations from persons for the purpose of inducing or binding a sale. These exclusions shall include any activities associated with the display of the vehicle, persons associated with the display of the vehicle or transactions conducted by means of the Internet.

(2) Such locations are available to all dealers licensed in this state without discrimination as to type of manufacturer, make, or year of vehicle displayed.

(3) Every dealer participating at such locations or events shall post a sign on the vehicle or vehicles or in close proximity thereto, printed in letters of not less than three (3) inches in height, which shall show the dealer's name, location and address of his established place of business and the following statement: "No sales permitted, or deposits accepted at this location."

(c) If a dealer maintains an Internet web site which provides information and/or photos for specific vehicles offered for sale, the web site shall be considered a display area. The web site shall have the following information visibly accessible from any page offering a vehicle for sale:

(1) the dealer identity information required to be posted at a business or display location pursuant to section 270.6 and Vehicle Code section 11709

(2) the buyer's notice required by Vehicle Code section 11709.1 and

(3) the buyer's notice required by Vehicle Code section 11709.2.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Sections 320, 11705 and 11709, 11709.1 and 11709.2, Vehicle Code.

## **§272.00. Business Records.**

(a) Pertinent records of a licensed dealer which must be open to inspection pursuant to Vehicle Code ~~S~~section 320 are those records maintained in the regular course of business insofar as those records are directly concerned with the purchase, sale, rental or lease of a vehicle.

(b) Unless otherwise specified by statute, all business records relating to vehicle transactions shall be retained by the dealership for a period of not less than three years.

(c) A dealer shall obtain the buyer's signature to acknowledge receipt of a document or disclosure required to be provided to a buyer by this article or the Vehicle Code. A copy of the original signed document may be used to meet this requirement.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Section 320, Vehicle Code.

## **§272.06. Used Vehicle Contract Cancellation Option Agreement.**

(a) A dealer shall offer a buyer the contract cancellation option agreement on any sale of a used vehicle except as provided for by Vehicle Code section 11713.21. The

dealer shall provide the buyer a copy of the department's Car Buyer's Bill of Rights publication FFVR35 (REV. 12/2007), which is incorporated by reference, that can be obtained and printed for use at the department's internet website [www.dmv.ca.gov](http://www.dmv.ca.gov) or ordered directly from the department. When a vehicle is offered for sale by a dealer, including a vehicle on consignment, and/or is sold at public auction, the vehicle is considered part of the dealer's inventory and is subject to the provisions of Vehicle Code section 11713.21.

(b) When a buyer does not purchase the contract cancellation option agreement, the dealer shall have the buyer initial the disclosure statement on the sales contract as evidence that the option was offered. The customer initials on the sales contract shall meet the requirement of section 272.00(c).

(c) When a buyer declines the contract cancellation option agreement for a cash sale, the dealer shall retain a copy of the contract cancellation option agreement with the word "Declined" with the buyer's initials. By doing this, the dealer satisfies Vehicle Code section 11713.21 provisions requiring proof that the contract cancellation option agreement was offered.

(d) For the purposes of Vehicle Code section 11713.21, a vehicle is considered "commercial" based on the intended use of the vehicle as expressed by the buyer at the time of the sale. Sale of a vehicle which is considered "commercial" for registration purposes, based on the design of the vehicle, is not exempt from the contract cancellation option if it is purchased for personal, noncommercial use. An owner's claiming personal use for a pickup truck which is registered as a "commercial" vehicle is one example.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Sections 2982, Civil Code and 11713.21, Vehicle Code.

#### **§272.07. Return of Vehicle Under a Contract Cancellation Option Agreement.**

(a) A buyer that wishes to return a vehicle under a contract cancellation option agreement has the right to exercise the cancellation by returning the vehicle to the physical location where the buyer accepted delivery of the vehicle at the time of the sale.

(1) When the vehicle was purchased and delivery accepted at a location other than the dealer's primary business location, then the dealer shall maintain business operations at that location as long as a vehicle is subject to return under a contract cancellation option agreement. The dealer shall specify in the cancellation option agreement the hours of operation for the days when the location other than the dealer's primary business location is maintained only for the return of vehicles. The hours of operation for this purpose shall be no fewer hours than were available when the location other than the dealer's primary business location was operated for vehicle sales.

(2) When the vehicle was delivered to the buyer at a location other than a dealership business location by a dealer or autobroker acting on behalf of the dealer, the buyer may notify the dealer of the intent to cancel by phone. The contract cancellation option agreement shall provide instructions for the buyer declaring the intent to cancel by phone within the timeframe established in the agreement. The dealer shall

make arrangements to accept the written notice of cancellation at the location where delivery was originally accepted, make the determination required by subsection (c), and shall be responsible for retrieving the vehicle from the delivery location.

(b) A dealer who sells or offers to sell a used vehicle shall ensure a dealer authorized employee is available to accept the return of a vehicle pursuant to Vehicle Code section 11713.21 at all times during posted business hours.

(c) When a buyer returns a vehicle to a dealer under a contract cancellation option agreement, the dealer shall have up to four hours from the return of the vehicle to the physical location at which the buyer accepted delivery of the vehicle, or from the notification of the intent to cancel when the buyer accepted delivery at a location other than the dealer's established place of business, to determine whether or not to accept the return of the vehicle. When a dealer does not provide a telephonic or written method for a notice of refusal to cancel as provided by subsection (d) within the required four hours, the dealer shall accept the return of the vehicle and shall comply with subsection (e).

(d) A dealer may issue a written notice of refusal to accept a vehicle returned under the contract cancellation option agreement for the following reasons only:

(1) Vehicle returned with greater than 250 miles driven or the mileage specified in the contract as required by Vehicle Code section 11713.21

(2) Unreasonable wear and tear pursuant to Vehicle Code section 11713.21

(3) Mechanical problem caused by the buyer or the buyer's agent while in possession of the buyer pursuant to Vehicle Code section 11713.21

(4) Exceeds time for return as specified in the contract.

(e) When a buyer elects to return a vehicle under a contract cancellation option agreement and the dealer refuses to accept the return of the vehicle, the dealer shall provide a notice of refusal to cancel. The notice of refusal shall document the specific basis for refusing to accept the return of the vehicle and shall be signed and dated by the dealer.

(f) When a buyer elects to return a vehicle under a contract cancellation option agreement, the dealer or the dealer's authorized representative that accepts the return of the vehicle shall:

(1) Provide the buyer with a notice of acceptance and a notice of transfer and release of liability required under Vehicle Code section 5900.

(2) Within two days of the cancellation, refund the full purchase price, minus the cost of the contract cancellation agreement and any restocking fee included in the agreement as defined in Vehicle Code section 11713.21(b)(4).

(3) Within one day of the cancellation, return to the buyer any down payment or trade-in vehicle, unless the contract cancellation option agreement was provided to the buyer without charge.

(4) The dealer shall conform to the requirements specified in Vehicle Code sections 11713.21(c)(1), (2) and (3) regarding a trade-in vehicle subject to a contract cancellation option agreement.

(5) When the dealer is paying the market value of a trade-in vehicle, rather than returning the vehicle, the amount paid shall either be the fair market value as indicated in the sales contract, or the amount required to satisfy any lien on the vehicle, when payment of the lien was included in the sales contract, which ever is the greater amount.

(6) Refund all registration fees paid to the dealer by the buyer. The dealer is not required to return registration fees:

(A) When the buyer paid registration fees in another state.

(B) When the buyer paid registration fees directly to the department.

(7) A dealer may charge the next buyer of the vehicle a portion of the refunded registration fees, prorated based on the number of months remaining in the registration year at the time of the subsequent sale.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Sections 2982 Civil Code and 11713.21, Vehicle Code.

#### **§272.08. Used Vehicle Contract Cancellation Option Agreement.**

(a) The contract cancellation option agreement required by Vehicle Code section 11713.21 shall include the following information:

(1) The name and address of the dealer.

(2) The vehicle identification number and description of the vehicle.

(3) The name of the buyer.

(4) A statement specifying the buyer may exercise the contract cancellation option within a specific timeframe indicated on the contract cancellation option agreement. The timeframe for return of a vehicle shall conclude at the close of business on the second day after the date of sale and no earlier than the business hours as posted pursuant to section 270.06(b) of these regulations.

(5) Any restocking fee to be charged to the buyer if the vehicle is returned as required by Vehicle Code section 11713.21.

(6) A statement specifying the maximum number of miles allowed prior to return of the vehicle. The amount specified shall be no less than 250 miles as required by Vehicle Code section 11713.21.

(7) A statement specifying that the dealer may issue a written notice of refusal to cancel for the following reasons only:

(A) Vehicle returned with greater than 250 miles driven or the mileage specified in the contract as required by Vehicle Code section 11713.21

(B) Unreasonable wear and tear pursuant to Vehicle Code section 11713.21

(C) Mechanical problem caused by the buyer or the buyer's agent while in possession of the buyer pursuant to Vehicle Code section 11713.21

(D) Exceeds time for return as specified in the contract.

(8) A statement specifying the last date, time and location that the buyer can return the vehicle to cancel the contract.

(A) When the dealer is operating a location other than the dealer's primary business location, the contract cancellation option agreement shall list the hours and days of operation for vehicle returns. Vehicle return operation hours shall be the same hours available for vehicle sales at the location other than the dealer's primary business location.

(B) When the vehicle was delivered to the buyer at a location other than a dealership business location by a dealer or autobroker acting on behalf of the dealer, the contract cancellation option agreement shall provide instructions for the buyer declaring the intent to cancel by telephone within the timeframe established in the agreement.

(9) A place for the buyer's signature to elect the option to cancel. The buyer signing this section and providing the agreement to the dealer constitutes written notice of cancellation.

(b) When a vehicle is purchased through a dealer or autobroker acting on behalf of the dealer and the vehicle is delivered to the buyer at a location other than the dealer's established place of business, the dealer shall authorize the autobroker acting on behalf of the dealer to:

(1) Complete the contract cancellation option agreement on behalf of the dealer when the buyer purchases that option when completing the sales contract.

(A) The minimum miles allowed pursuant to Vehicle Code section 11713.21 shall be determined using the actual mileage at the time of delivery by the dealer or autobroker acting on behalf of the dealer.

(B) The last date and time for return of the vehicle shall be based on the date of delivery by the dealer or autobroker acting on behalf of the dealer.

(C) The contract cancellation option agreement shall provide procedures for notifying the dealer of the buyer's intent to cancel.

(2) Only the dealer is responsible for making the determination of whether to accept or refuse a vehicle returned under the contract cancellation option agreement pursuant to subsection (7) within four hours of delivery of the written notification.

NOTE: Authority cited: Section 1651, Vehicle Code. Reference: Sections 2982 Civil Code and 11713.21, Vehicle Code.